



**CITY OF LODI  
COUNCIL COMMUNICATION**

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**AGENDA TITLE:** Adopt Resolution Authorizing the City Manager to extend an Agreement for Workers Compensation Claims Adjusting and Administration Services with Gregory B. Bragg & Associates, Inc. (\$106,500 Year One, \$111,300 Year Two, and \$116,500 Year Three)

**MEETING DATE:** December 17, 2008

**PREPARED BY:** Risk Manager

**RECOMMENDED ACTION:** Adopt resolution authorizing the City Manager to extend an agreement for Workers Compensation claims adjusting and administration services with Gregory B. Bragg & Associates, Inc. (\$106,500 Year One, \$111,300 Year Two, and \$116,500 Year Three).


**BACKGROUND INFORMATION:** The City of Lodi is nearing the end of a three-year agreement with Gregory B. Bragg & Associates, Inc. for Workers Compensation Third Party Administrative (TPA) services. The selection and subsequent authorization by Council followed consideration of 12 proposals submitted in response to a Request for Proposal (RFP) distributed by staff in 2005.

A primary focus for a TPA is to provide stabilization of reserves, ensuring a predictability of costs and the elimination of excessive loss development factors. Data from Bragg (Exhibit A) shows that our increases have been minimal. In addition, since assuming administration of the City's workers compensation claims, G. Bragg & Associates has processed 3,796 medical bills totaling over \$1.9 million. Diligent review and negotiation of those bills resulted in a savings of over \$1.1 million.

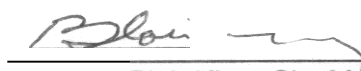
**FISCAL IMPACT:** Claims administration services - \$334,300 over three years. Additional fees such as bill review, utilization review, and investigations are billed based on factors detailed in the contract.

**FUNDING AVAILABLE:** Funds are available in the Workers Compensation 310202.7323 account to cover expenditures for G. Bragg & Associates services.

  
Kirk Evans, Budget Manager

  
Janet Hamilton  
Risk Manager

APPROVED:

  
Blair King, City Manager

# **AGREEMENT FOR WORKERS' COMPENSATION CLAIMS ADJUSTING AND ADMINISTRATION SERVICES**

## **AMENDMENT**

THIS AMENDMENT to the agreement entered into on December 1, 2005 by and between the City of Lodi, a political subdivision of the State of California (hereinafter "Client") and Gregory B. Bragg & Associates, Inc., a California corporation (hereinafter "Claims Administrator") is amended effective on December 1, 2008 as follows:

### **2. Scope of Services**

- (c) All services which Claims Administrator provides to Client pursuant to this AGREEMENT shall conform to the standards of quality as outlined in LAWCX's current "Performance Standards for Claims Administrators" and the Claims Administrator's "Workers' Compensation Claims Administration Guidelines"

### **4. Compensation**

#### **A. Claims Management Rates: Annual Flat Rate**

The annual rate for managing all workers' compensation claims from December 1, 2008 to November 30, 2009 is \$106,500. The annual rate for managing all workers' compensation claims from December 1, 2009 to November 30, 2010 is \$111,300. The annual rate for managing all workers' compensation claims from December 1, 2010 to November 30, 2011 is \$116,500.

#### **B. Annual Client Services Fee: \$2,000**

This includes the following services: computer input of all open claims, monthly computer loss information and quarterly and annual reports, trust account (excluding checks and bank charges), and management attendance at claim review meetings. This fee includes 2 online access licenses. Additional licenses may be purchased upon request.

#### **C. Bill Review Fees**

Bill review/PPO access services may be provided at \$9.50 per bill reviewed and 20% of PPO savings for PPO access.

#### **D. Other Services**

Other services may be done after authorization of Client at the following time and expense rates. These rates may be negotiated on an annual basis:

- |                                |                       |
|--------------------------------|-----------------------|
| 1. Investigation Services      | \$72.50 per hour      |
| 2. Risk Control Services       | \$110.00 per hour     |
| 3. Hearing/Lien Representative | \$85.00 per hour      |
| 3. Mileage                     | IRS reimbursable rate |
| 4. index Reports               | at actual cost        |
| 5. Other Expenses              | at actual cost        |

## 12. Notice

Any notice required to be given under this Agreement shall be given by personal delivery or registered or certified mail or overnight carrier at the addresses specified below or at such other addresses as may be specified in writing by the parties hereto:

To the Claims Administrator  
by mail:

Gregory B. Bragg & Associates, Inc.  
P.O. Box 2216  
Granite Bay, CA 95746

To the Claims Administrator by  
personal or overnight carrier:

Gregory B. Bragg & Associates, Inc  
1 Sierra Gate Plaza, Suite 250-B  
Roseville, CA 95678

To the Client:

Blair King  
City Manager, City of Lodi  
221 West Pine Street  
Lodi, CA 95240

With a copy to:

Janet Hamilton  
Management Analyst, City of Lodi  
221 West Pine Street  
Lodi, CA 95240

Notice shall be deemed given three (3) business days after the date of mailing, or if personally delivered or delivered by overnight carrier, when received. A party's address for notice may be changed by giving notice to the other party in the manner set forth above and indicating the new address for notice.

CITY OF LODI, a municipal corporation:

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BLAIR KING  
City Manager

Gregory B. Bragg & Associates, Inc.:

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RANDALL C. SMITH  
President

ATTEST:

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RANDI JOHL  
City Clerk

APPROVED AS TO FORM:

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D. STEPHEN SCHWABAUER  
City Attorney

A handwritten signature in dark ink, appearing to be 'DS', located to the right of the printed name and title of the City Attorney.

## **PERFORMANCE STANDARDS**

### **“For Use as an Exhibit to TPA Agreement”**

#### **1. Caseload**

Each examiner shall have a caseload not to exceed one hundred and fifty (150) open indemnity claims, which includes future medical claims. Each claims assistant shall have a caseload not to exceed two hundred (200) open claims. The supervisor shall not have a caseload but may handle specific issues.

The TPA shall provide a computer generated monthly caseload report to the ENTITY’s Administrator for all examiners handling the ENTITY’s claims. The report shall include all clients and claims each examiner is handling and shall be provided to ENTITY’s Administrator electronically within ten (10) business days of closure of the previous month.

#### **2. Claim File Set Up**

Upon receipt of the Employer’s Report of Occupational Injury or Illness or Application for Adjudication of Claim, the TPA will prepare an individual claim tile within one (1) business day for each claim. Preparation of the claim file shall include entering each new claim into the computer system and establishing appropriate initial reserves based on the information obtained at the time of claim set up. A copy of the worksheet establishing the initial reserves shall be maintained in the applicable claim file. The file shall be available to the ENTITY, including its members, their representatives, claims auditors, and agents, for inspection and contain all medical and factual information on each reported claim.

#### **3. Coverage**

The TPA shall verify coverage was provided to the member by the ENTITY on the date of injury or illness in accordance with member program dates and governing documents. If applicable, the TPA shall exercise due diligence in joining applicable co-defendants. All activity to verify coverage and join co-defendants shall be clearly documented in the computer notepad.

#### **4. Index Bureau**

The TPA shall subscribe to the Index Bureau. Costs to subscribe to the Index Bureau shall be included in the pricing structure. The examiner shall request a report from the Index Bureau on all new indemnity claims. Subsequent requests should be made every six (6) to twelve (12) months thereafter on all active indemnity claims.

#### **5. Employer Contact**

The TPA shall request the Employer’s Report of Occupational Injury or Illness form within one (1) business day when or if notification of any injury or illness by any source is received first.

If the DWC Form 1 has not been received by the TPA within two (2) business days after receiving the Employer’s Report of Occupational Injury or Illness, the examiner will contact the member to ensure the DWC Form 1 was given to the employee within one (1) business day of knowledge of the injury. If a DWC Form 1 had not been given to the injured employee, the TPA shall immediately send the DWC Form 1 directly to the employee.

The TPA shall contact the member within two (2) business days of receipt of notice of a claim by any source to conduct an initial and meaningful investigation. Such contact with the member shall be clearly documented in the computer notepad.

When a claim reaches or exceeds \$100,000 in total incurred value, the TPA shall report to the member every ninety (90) calendar days regarding the status of the claim. A copy of the claim status report will be provided

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to the ENTITY's Workers' Compensation Program Manager. Such report shall include a current status of the claim, the examiner's plan of action for the future handling of the claim, and the current paid to date and total incurred amounts listed by indemnity, vocational rehabilitation, medical, and expense categories.

The examiner will provide on-site file reviews if requested by a member of the ENTITY. Other periodic on-site file reviews will be scheduled based upon the needs of the members.

Return phone calls to members shall be made within one (1) business day

#### 6. Employee Contact

In all non-litigated, lost time cases, where the employee has not returned to work, telephone or personal contact will be established with the injured employee within two (2) business day of receipt of notice of claim. Such contact will continue as often as necessary, but at least monthly. Such contact with the employee shall be clearly documented in the computer notepad.

Return phone calls to employees will be accomplished within one (1) business day.

All correspondence from employees will be responded to within five (5) business days of receipt

#### 7. Compensability

The compensability determination (accept claim, deny claim, or delay acceptance pending the results of additional investigation) and the reasons for such determination will be made and clearly documented in the file within three (3) business days of the receipt of the notification of the loss. Delay of benefit notices shall be mailed in compliance with the Division of Industrial Relations' guidelines. Copies of benefit notices will be maintained in the applicable claim file. The TPA shall notify the member of delay or denial of any claim.

In no case shall a final compensability decision be extended beyond ninety (90) calendar days from the member's knowledge of the claim.

#### 8. Investigations

The TPA shall promptly initiate investigation of issues identified as material to potential litigation. The member shall be alerted to the need for an outside investigation as soon as possible and the examiner shall appoint an investigator who is acceptable to the member. The member shall be kept informed on the scope and results of all investigations. All activities shall be clearly documented in the computer notepad.

#### 9. Reserves

Reserves shall be established based on the facts of the claim and the ultimate probable cost of each claim. All reserve categories shall be reviewed on a regular basis but not less than at least every ninety (90) calendar days. Such reviews shall be clearly documented in the computer notepad. Any changes to reserves shall include an explanation for the change. A copy of reserve worksheet will be maintained in the applicable claim file.

#### 10. Payments

The ENTITY has established a zero-balance account, which shall at all times contain sufficient funds to enable the TPA to make timely payments of claims, allocated loss expenses, and other amounts. The TPA is authorized to make on behalf of the ENTITY. To comply with the positive pay requirements, the TPA shall electronically submit the information required by the ENTITY's financial institution on a daily, weekly, or monthly basis. The submissions will be at no additional cost to the ENTITY.

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#### 11. Provision of Benefits

The TPA shall provide all compensation and medical benefits in a timely manner and in compliance with the statutory requirements of the California Labor Code. The TPA shall compute and pay temporary disability benefits to injured employees based upon earnings information and authorized disability periods. The TPA shall review, compute, and pay all informal ratings, death benefits, Findings and Awards, life pensions, or Compromise and Release settlements. However, all such benefits shall be paid from the ENTITY's established zero-balance account that will be linked to the ENTITY's "positive pay" account.

#### 12. Initial Indemnity Payment

The initial indemnity payment or voucher will be issued and mailed to the injured employee together with a properly completed DWC benefit notices within fourteen (14) calendar days of the first day of disability. Copies of benefit notices will be maintained in the applicable claim file.

Late payments must include the self-imposed 10% penalty in accordance with Labor Code Section 4650.

#### 13. Subsequent Indemnity Payments

All indemnity payments or vouchers subsequent to the first payment will be verified, except for obvious long-term disability, and issued in compliance with Labor Code Section 4651.

Late payments must include the self-imposed 10% penalty in accordance with Labor Code Section 4650.

Copies of benefit notices issued with subsequent benefits will be maintained in the applicable claim file.

#### 14. Medical Administration

The TPA, absent a Medical Provider Network (MPN), shall select a panel of general practitioners, specialists, hospitals, and emergency treatment facilities to which injured employees should be referred and regularly review and update the panel.

The physician's office will be contacted within five (5) calendar days of notice of all new claims to conduct an initial investigation as to the medical aspects of the claim and discuss the member's return-to-work goals. Such contact will continue as needed during the continuation of temporary disability to assure that treatment is related to a compensable claim and clearly documented in the computer notepad.

The TPA shall maintain contact with treating physicians to ensure employees receive proper medical treatment and are returned to full or modified employment at the earliest possible date.

The TPA shall maintain direct contact with medical providers to ensure their reports are received in a timely manner.

The TPA shall arrange medical evaluations when needed, reasonable, and/or requested in compliance with the current California Labor Code.

The TPA shall ensure that medical bills are reduced to the Official Medical Fee Schedule (OMFS) and recommended rates established by the Administrative Director of Workers' Compensation. The use of a service contractor is acceptable provided approval is first obtained from the ENTITY's Administrator. The ENTITY shall pay for the use and benefits of the services provided; however, fees charged by the service contractor shall have been approved by the ENTITY's Workers' Compensation Program Manager prior to the provision of and payment for services. The ENTITY's Workers' Compensation Program Manager will approve the service contractor's fees on a monthly basis prior to payment by TPA to the service provider. Such fees will be charged to the applicable claim file and will be paid from the medical category.

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The TPA shall provide, at the ENTITY's expense, utilization review and/or professional managed care services on an as-needed basis to injured employees, provided the ENTITY and/or the member's approval is obtained prior to the provision of such service. The use of a service contractor to provide this service is acceptable provided the ENTITY's approval is first obtained. Such fees will be charged to the applicable claim file and will be paid from the medical category.

15. Medical Payments

Medical bills will be reviewed for correctness, approved for payment, and paid within time limits established by Labor Code Section **4603.2**. If all or part of the bill is being disputed, the TPA will notify the medical provider, on the appropriate form letter, within time limits established by Labor Code Section **4603.2**. Complete medical management services will be provided to the employer.

16. Transportation Expense

Transportation reimbursement will be mailed within five (5) calendar days of the receipt of the claim for reimbursement. Advance travel expense payments will be mailed to the injured employee at least ten (10) calendar days prior to the anticipated date of travel.

17. Return-to-Work

The TPA shall provide assistance to the ENTITY and its members in establishing a modified work program that is appropriate for injured employees while recovering and prior to their return to regular duties.

The TPA shall consult with the member at least once a month in those cases where the injury residuals might involve work restrictions.

18. Permanent Disability

The TPA shall provide information and assistance to injured employees in completing the necessary forms to obtain a permanent disability rating.

The TPA shall determine the nature and extent of permanent disability and arrange for an informal disability rating whenever possible to avoid Workers' Compensation Appeals Board (WCAB) litigation. The TPA shall take advantage of any potential apportionment potential to prior claims, disabilities, and impairments. The TPA shall also advise the member of potential credits and penalties to permanent disability benefits should the member accommodate permanent/alternative work for at least twelve (12) months.

All permanent disability benefit notices shall be sent to the employee as required by the California Labor Code. Copies of benefit notices will be maintained in the applicable claim file.

19. Vocational Rehabilitation

In accordance with all applicable California laws in place at the date of injury, the TPA shall:

- A. Determine the Qualified Injured Worker/Non-Qualified Injured Worker status;
- B. Advise the injured worker of his/her right to rehabilitation benefits;
- C. Provide appropriate vocational rehabilitation benefits;
- D. Control rehabilitation costs;
- E. Attempt to secure the prompt conclusion of vocational rehabilitation benefits; and
- F. Provide notification to the ENTITY's members should work restrictions require permanent or modified alternative accommodations.

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## 20. Diary Review

All claim files shall be reviewed at least every forty-five (45) calendar days for active claims and at least every six (6) months for claims that have settled but are open for the employee's future medical care. The examiner shall distinguish the regular diary review from routine file documentation in the computer notepad. A plan of action will be included and separately labeled in the file notes during a diary review. The plan of action shall include, but not limited to, the employee's current work status, medical status, review of reserves, and future activity to move the claim towards resolution.

The supervisor shall monitor the diary reviews by printing a "No Activity" report each month to identify any files that have fallen off the diary system.

## 21. Plan of Action

Each claim file shall contain the examiner's plan of action for the future handling of that claim. The plan of action on new claims will be clearly documented in the computer notepad within fourteen (14) calendar days of initial claim set up. Such plan of action shall be clearly stated including the reasoning for the plan. The plan of action will be updated at least every forty-five (45) calendar days and clearly identified in the computer notepad.

## 22. Claim Supervision

The TPA shall provide supervisory staff that will regularly review the work product of the examiners. The supervisor shall review at least ten percent (10%) of each examiner's caseload each month to ensure each examiner is following the performance standards outlined in this AGREEMENT. In addition, the supervisor shall conduct a regular quarterly review of all open indemnity claims with reserves in excess of \$100,000 and all problem or complex claims. Such reviews shall be labeled as "Supervisor Review" and clearly documented in the computer notepad.

## 23. Status Reports

Claim status reports requested by members, in addition to the regular ninety (90) day status reports, shall be provided by the TPA to the respective member within ten (10) business days. Verbal status reports requested by members shall be provided by the TPA to the respective member within two (2) business days. Other than standard monthly loss runs referenced in Section 38 of this EXHIBIT, computer generated loss data reports requested by members shall be provided within twenty (20) business days.

## 24. Claim Reconciliation

All claim files shall be reconciled to ensure all indemnity payments have been made correctly. The reconciliation should verify that payments were made in the correct amount and from the correct claim file. The physical file should be verified with the computer information. All open claim files shall be reconciled at the time of a request for settlement authorization and at the time of submission for closure. Proof of the reconciliation should remain in the claim file and clearly documented in computer notepad.

## 25. Settlements

The TPA shall obtain the member's authorization on all settlements. The TPA or defense counsel shall forward settlement proposals to the member in a format approved by the ENTITY's Workers' Compensation Program Manager. All requests for settlement authority shall be clear and concise and include a written claim analysis, estimate of permanent disability, and the defense counsel's comments and recommendations. If the settlement exceeds an amount established by the ENTITY's governing body, the written settlement proposal shall also be directed to the ENTITY's Workers' Compensation Program Manager to provide authority in addition to the member's authority.

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**26. Award Payment**

Payments on Awards, computations, or Compromise and Release agreements will be issued within ten (10) business days or sooner if necessary to ensure payment within ten (10) calendar days of the WCAB approval date, following receipt of the appropriate document.

**27. Future Medical Claims**

Claims that remain open to monitor future medical care shall remain open for two (2) years from the last payment of benefit. Reviews shall be documented in the claim notes to include settlement information, future medical care outline, last date and type of treatment, name of excess carrier, excess carrier reporting level, and excess carrier reporting history. Reserves for future medical treatment will be reviewed every six (6) months and adjusted for use over a three (3) year average and the injured employee's life expectancy based on the latest version of the U.S. Life Table. The reason(s) and calculation(s) for the adjustment(s) shall be clearly documented in the computer notepad.

**28. Subrogation**

In all **cases** where a third party is responsible for the injury to the employee, the TPA will send a letter to the member indicating they will pursue subrogation unless instructed otherwise by the member. When subrogation is to be pursued, the third party shall be contacted within ten (10) business days with notification of the member's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim shall be filed with the governing entity within six (6) months of the injury or notice of injury. Such contact will be documented in the claims administrator's computer notepad.

Periodic contact shall be made with the responsible third party and/or insurer to provide notification of the amount of the estimated recovery to which the member will be entitled. Such contact will be documented in the claims administrator's computer notepad.

If the injured worker brings a civil action against the party responsible for the injury, the TPA shall consult with the Workers' Compensation Program Manager about the value of the subrogation claim and other considerations. If subrogation rights are waived, TPA shall obtain written authority from the ENTITY's Workers' Compensation Program Manager. Upon the member's authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action.

Whenever practical, the TPA should take advantage of any settlement in a civil action by attempting to settle the workers' compensation claim by means of a Third Party Compromise and Release. If such attempt does not succeed, then every effort should be made through the WCAB to offset claim expenses through a credit against the proceeds from the employee's civil action.

**29. Litigated Cases**

TPA shall promptly initiate investigation of issues identified as material to potential litigation. The member shall be alerted to the need for an outside investigation as soon as possible and the examiner shall appoint an investigator who is acceptable to the member. Such referrals will be documented in the claims administrator's computer notepad. The member shall be kept informed on the scope and results of all investigations.

When defense counsel is not necessary, the TPA shall work closely with the applicant's attorney in informal disposition of litigated cases. All assignments to outside counsel will be done with the member's authorization and consent. Such referrals will be documented in the claims administrator's computer notepad. The TPA shall prepare clear and concise litigation referrals to outside counsel outlining the issues of the claim and duties that will be handled by defense counsel. In conjunction with the member, the TPA shall monitor the outside counsel's progress. The TPA shall audit all defense counsel's bills before payment is authorized.

All preparation for a trial shall involve the member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.

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The manager, supervisor, or the examiner shall attend WCAB hearings, rehabilitation hearings, meetings with defense counsel, and meetings with member's staff, departments, and employee groups as necessary and as requested to do so.

30. Fraudulent Claims

Any claim believed to be fraudulent shall be referred to TPA's in-house special investigation unit for further investigation and potential referral to the District Attorney. If TPA does not have an in-house special investigation unit, the claim will be referred to an investigator, with the member's prior approval, to conduct further investigation.

31. Excess Insurance

Cases that have the potential to exceed the ENTITY's self-insured retention shall be reported in accordance with the reporting criteria established by the excess insurance policies. All cases that meet the established reporting criteria are to be reported within five (5) business days of the day on which it is known the criterion is met. A copy of the submission to the excess carrier shall be forwarded to the ENTITY's Workers' Compensation Program Manager until such time the TPA is instructed otherwise.

32. Penalties

Late payment of all benefits must include the self-imposed penalty in accordance with California law. The TPA will provide the ENTITY a quarterly listing of any administrative penalties paid the quarters ending March 31, June 30, September 30, and December 31, which were the responsibility of the TPA, and a check from the TPA payable to ENTITY for reimbursement. The check and report shall be submitted to ENTITY by the 20<sup>th</sup> of the following month after the quarter ends.

33. Case Closure

The supervisor must review all medical only claims open beyond ninety (90) calendar days from the date of entry by the TPA for potential closure or conversion to indemnity claim status. Claims with \$3,000 or more paid-to-date on any claim open beyond one hundred eighty (180) calendar days from date of entry shall be converted to indemnity status and a reasonable, precautionary indemnity reserve placed on the claim.

All indemnity cases, where permanent disability is not an issue, will be closed within sixty (60) calendar days of the final financial transaction or final correspondence to the injured worker as required by law. All indemnity claims where permanent disability is an issue, will remain open for two (2) years from the last payment of benefit and then closed within sixty (60) calendar days of that date.

34. Forms

The TPA shall provide all forms necessary for the processing of benefits or claims information including the Employer's Report of Occupational Injury or Illness, DWC Form 1, medical service orders, return-to-work slips, lost time information reports, vouchers, checks, and other related forms. The cost of providing these forms shall be included within the contract price set forth in this AGREEMENT.

35. Claims Reporting

The TPA shall, at its expense, provide two (2) weeks prior to any governing meeting of the ENTITY, a written summary report showing the number of claims reported during the prior month, separated by category (i.e. indemnity or medical only), the number of claims closed during the prior month, separated by category, and any medical cost savings. This report shall show a comparison of the same information for the same month for the prior year.

The TPA shall maintain all loss information as required by the Workers' Compensation Insurance Rating Bureau.

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The TPA shall assist in the preparation of all reports that are now, or will be required by the State of California or other government agencies with respect to self-insurance programs. The TPA will also assist in the preparation of **all** reports or databases required by the California Institute for Public Risk Analysis (CIPRA) or other statistical database organizations as requested by the ENTITY.

### **36. Record Retention**

All claim files shall be maintained in accordance with statutory time requirements and the ENTITY's Record Retention Policy. The members shall be notified prior to any destruction of files to determine if the member wishes to retain the claim file.

### **31. Computer Access**

The TPA shall provide online access at no additional charge to the ENTITY's Administrator. Such data shall be in a format accessible from the ENTITY's Administrator's computers and will permit the ENTITY's Administrator to print copies of the data on its printers. The TPA shall provide training for **use** of the computer system for the ENTITY's Administrator. If the ENTITY's Administrator, under the TPA's guidance, is not able to maintain online interface with data maintained by the TPA, the TPA may be required to provide a copy of all data processed during the previous month to the ENTITY's Administrator's office on a disk by the tenth (10<sup>th</sup>) calendar day following month end.

### **38. Loss Runs**

The TPA shall, at its expense, by the tenth (10<sup>th</sup>) calendar day of the following month, **unless** otherwise specified below:

A. Provide the following information monthly to the members, as it pertains to their respective claims, electronically, on diskette, or in written format:

- i. A listing of all open claims showing the employee's name, claim number, date of injury, paid amount, future liability, total incurred, and any amounts recovered;
- ii. OSHA 300 and 300A logs or a listing of all information needed for the ENTITY's members to complete the OSHA **300** and 300A logs. The logs or report shall include claims where temporary disability benefits were paid during the applicable month showing the paid-to-date amounts, from and through dates of temporary disability benefits paid, claim number, and date of injury; and
- iii. A summary listing by fiscal year showing paid to date amounts, future liability or reserve amounts, total incurred amounts, number of open claims, number of closed claims, and average cost per claim.

B. Provide the following information monthly to the ENTITY's Administrator electronically in Excel format:

- i. All open and closed claims run by fiscal year and then alphabetically by member, to include the employee's name, claim number, date of injury, occupation, text description of the injury, number of days temporary disability benefits were paid, paid amount with **4850** benefits separated by **type**, paid amount without **4850** benefits separated by type, future liability or reserves separated by type, total incurred with **4850** benefits separated by type, total incurred without **4850** benefits sorted by type, any amounts recovered for subrogation or excess insurance, **free** form text description of the claim and descriptions of cause, site, and nature;
- ii. A summary listing run alphabetically by member and then by program year showing paid to date amounts, future liability or reserve amounts, total incurred amounts, number of open claims, number of closed claims, and average cost per claim;

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- iii. A summary listing run by program year showing paid-to-date amounts, future liability or reserve amounts, total incurred amounts, number of open claims, number of closed claims, and average cost per claim;
  - iv. A check register, excluding vouchers, in check number order, including any voids, refunds, and recoveries received with a page showing the total payments for the month by fiscal year;
  - v. A check register, including all activity, in check number order, including any voids, refunds, and recoveries received with a page showing the total payments for the month to be ~~run~~ by member and then fiscal year;
  - vi. A voucher register ~~run~~ by fiscal year and then by member; and
  - vii. A "No Activity" report listing the claims that have had no activity during the previous six (6) months. The report components should include no reserve changes, no payments, no recoveries, no refunds, and/or no computer notepad activity.
- C. Provide the following quarterly reports, in addition to the regular monthly reports, to the ENTITY's Administrator electronically in Excel format:
- i. A listing of subrogation claims showing the employee's name, claim number, date of injury, paid amount with **4850** benefits, paid amount without **4850** benefits, future liability, total incurred with **4850** benefits, total incurred without **4850** benefits, and any excess or subrogation recoveries; and
  - ii. A listing of any administrative penalties paid during the quarter that were the responsibility of the TPA.
- D. Provide a report to the ENTITY's Administrator annually in written format as of June 30, in addition to the regular monthly and quarterly reports, a year-end report. The report shall include all open and closed claims run by fiscal year and then alphabetically by member, to include the employees' name, claim number, date of injury, occupation, text description of the injury, number of days temporary disability benefits were paid, paid amount with **4850** benefits separated by type, paid amount without **4850** benefits separated by type, future liability or reserves separated by type, total incurred with **4850** benefits separated by type, total incurred without **4850** benefits sorted by type, and any amounts recovered for subrogation or excess insurance; and
- E. Provide other special reports required of the ENTITY or its Administrator including, but not limited to, loss trend reports, claim abstract reports, reports required by actuaries, excess insurance carriers, etc., provided that such reports do not require data elements that have not previously been collected by the TPA on behalf of the ENTITY. If new programming is required in order to provide such reports, the TPA shall pay at its own expense for new or special programming costs.

Any corrections to the loss runs shall be made within twenty (20) calendar days of the request for correction.

39. Availability of Personnel

The TPA shall maintain at all times, one (1) or more of the examiners assigned to the ENTITY's claims, or in their absence, the supervisor or management above the supervisory level, to be available by telephone for emergencies through a 24-hour emergency telephone number. The TPA shall provide a toll free telephone number at no additional charge to the ENTITY.

The TPA shall ensure at least one (1) or more of the examiners assigned to the ENTITY's claims are on-site and available to the ENTITY every business day throughout the term of this AGREEMENT.

**S A M P L E**

#### 40. Member Services

The TPA shall provide special on-site training services annually to the members' staff to ensure that the members' staff that process workers' compensation claims are effectively carrying out the procedures required for a successful program. A copy of the ENTITY's Workers' Compensation Claims Procedures Manual should be readily available for review by the members' staff or representative.

The TPA shall require its examiners or other TPA personnel, as necessary, to attend the ENTITY's regularly scheduled Board of Directors meetings to report on the general state of the program since the last meeting, and on any particular cases of interest to the Board. The TPA may require the supervisor or other TPA personnel, as necessary, to attend the ENTITY's Executive Committee meetings to report on the general state of the program since the last meeting and on any particular cases of interest to the Executive Committee.

The TPA shall consult annually with the ENTITY on the establishment and coordination of necessary procedures and practices to meet the needs of the ENTITY with respect to the administration and processing of claims.

The TPA shall require one of the examiners or supervisory staff to meet with each member's personnel, at the member's location, at least once annually to review program procedures regarding workers' compensation reporting requirements and other program matters that require the timely participation of the members' personnel.

The TPA shall require an examiner to be available and readily respond to a member's request for assistance with problem cases, including on-site visits to the member.

The TPA shall provide the ENTITY with information regarding statutes, proposed changes to statutes, and changes to the rules and regulations affecting the ENTITY and its responsibility as a legally uninsured workers' compensation authority.

The TPA shall develop and recommend policies and procedures in areas as required by the ENTITY.

#### 41. Employee Services

As required, the TPA will develop, for review by the ENTITY, materials which will provide information and guidance to the members' employees regarding workers' compensation and the self-insurance program.

As required, the TPA will meet with and assist injured employees in resolving problems that arise from injury or illness claims.

#### 42. Examiner Training and Certification

The claims examiner handling the member's claims shall receive training at least once per year, be certified by the State of California, and have a minimum of at least two (2) years of workers' compensation claims experience at the examiners level.

The TPA shall annually certify to the ENTITY that each claims examiner handling the members' claims is in compliance with all legal and regulatory licensing and continuing educational requirements as presently or in the future shall be promulgated and required by the State of California. Such certification for the prior year shall be in the form of a letter to be received no later than August 1 of each year.

**S A M P L E**

43. Right to Audit or Review

The ENTITY or its designated representative is authorized to visit the TPA's processing and/or storage premises, for purpose of performing a claims audit or review, and have access to all data, including paper documents, microfilm, microfiche, and magnetically stored data which relate to payments or non-payments made by the ENTITY. Any assistance or service provided in response to a claims audit described above will be rendered at no additional cost to the ENTITY.

44. Conflict of Interest

The TPA shall avoid all conflicts of interest or appearance of conflicts of interest in performance of this AGREEMENT. If, during any given year, the TPA receives compensation from any party for services included in this AGREEMENT, such as bill review services, managed care, or investigations, the TPA shall disclose total compensation received in prior year. Such disclosure shall be in the form of a letter and shall be received by ENTITY no later than April 1 of each year.

**S A M P L E**

**Gregory B. Bragg & Associates, Inc.**  
**Claims and Risk Management Services**  
P.O. Box 619058  
Roseville, CA 95661-9058



TELE (916)783-0100  
FAX: (916)783-0334

December 9,2008

Ms Janet Hamilton, Management Analyst  
City of Lodi  
PO Box 3006  
Lodi, CA 95241-1910

RE: Workers Compensation Performance

Dear Ms Hamilton:

On behalf of Gregory B. Bragg & Associates, Inc., we are pleased to provide the City of Lodi (City) with an overview of our claims administration performance beginning July 1, 2006.

<b>Fiscal Year</b>	<b>As 6/30/2006</b>	<b>of: As 6/30/2008</b>
01-02	\$937,693.00	\$1,008,800.00
02-03	\$526,972.00	\$598,429.00
03-04	\$821,932.00	\$727,562.00
04-05	\$316,345.00	\$267,543.00
05-06	\$703,159.00	\$287,059.00



Since accepting the responsibilities for handling the City's claims, we have processed over 3,796 medical bills that have resulted in a net savings/reduction of 59%. Currently we are working on providing the City with a managed medical cost containment program that will cost less than the current program and yield a greater savings. The program will also allow the City to be more selective in their choice of medical facilities.

Attached is a summary page of the City's most recent claims audit. While we would have preferred a score of 100%, the 92% score we received verifies our competency.

Finally we are attaching a listing of California City's, three year, average loss rates. Please note that the City of Lodi's rate is in the lowest 25%. Most of those cities with lower rates than the City of Lodi, are those cities that do not offer Police and Fire services.

In summary, we are pleased that in our partnering with the City and its staff, we have changed the City's upward spiral of worker's compensation cost to a more stable and predictable result. We look forward to continuing our relationship with the City to achieve an even more favorable outcome.

Thank you for allowing our firm to be of service to the City.

Sincerely,

Tom McCampbell, CPCU, ARM-P, AIC  
Vice President Claims  
Gregory B. Bragg & Associates, Inc.

P.O. Box 619058  
Roseville, CA 95661-9058

From Date: 12/01/05

To Date: 11/30/08

Client	# Bill(s)	Billed Charges	B.R. Savings	% BR Savings	PPO Hits	% PPO Hits	PPO Savings	% PPO Savings	Total Savings	BR Fees	PPO Fees	Total Fees	Total Net Savings	Gross % Savings	Net % Savings
LODI - City of Lodi	3.796	\$1,949,436.28	\$1,144,307.37	59%	2487	66%	\$60,120.34	7%	\$1,204,427.71	\$36,062.00	\$12,054.74	\$48,116.74	\$1,156,310.97	62%	59%
<b>Grand Totals:</b>	3.796	\$1,949,436.28	\$1,144,307.37	59%	2187	66%	\$60,120.34	7 %	\$1,204,427.71	\$36,062.00	\$12,054.74	\$48,116.74	\$1,156,310.97	62%	59%

# compSTATS

## Workers Compensation Benchmarking Database

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### Loss Rate per \$100 of Payroll

Non JPAs > City  
7/04 through 6/07

	<u>Name</u>	<u>Payroll</u>	<u>Incurred</u>	<u>Loss Rate</u>
1	Corte Madera, Town of	14,895,554	45,294	0.30,
2	Vernon, City of	74,769,104	290,265	0.39'
3	Livermore, City of	117,330,602	493,049	0.42
4	Yorba Linda, City of	22,132,045	112,300	0.51'
5	Morgan Hill, City of	47,281,050	249,688	0.53
6	Pacifica, City of	47,612,049	275,056	0.58
7	Lemon Grove, City of	12,244,821	75,912	0.62
8	Thousand Oaks, City of	89,813,766	559,023	0.62
9	Encinitas, City of	49,977,912	377,168	0.75:
10	Benicia, City of	51,625,606	390,792	0.76'
11	Roseville, City of	236,592,945	1,839,908	0.78'
12	San Clemente, City of	37,842,829	299,414	0.79
13	Los Gatos, Town of	44,814,741	384,900	0.86'
14	South Lake Tahoe, City of	38,294,143	351,388	0.92
15	Santee, City of	29,874,458	280,838	0.94
16	Napa, City of	97,303,585	1,058,138	1.09
17	Campbell, City of	49,364,351	578,165	1.17
18	Costa Mesa, City of	148,180,540	1,769,052	1.19,
19	Redwood City, City of	157,949,315	1,916,576	1.21'
20	Gardena, City of	63,302,685	771,515	1.22'
21	Watsonville, City of	69,564,933	862,617	1.24
22	Los Alamitos, City of	16,223,014	201,268	1.24
23	South San Francisco, City of	115,516,042	1,498,072	1.30
24	Orange, City of	158,986,974	2,083,681	1.31
25	Westminster, City of	67,824,980	890,513	1.31
26	San Diego, City of	2,080,693,291	28,055,430	1.35'
27	City of Solana Beach	13,616,310	186,606	1.37;
28	Los Angeles, City of	7,643,103,808	106,178,314	1.39
29	Covina, City of	40,888,836	573,215	1.40
30	Carson, City of	80,331,205	1,128,215	1.40
31	Mountain View, City of	159,517,415	2,263,518	1.42
32	Lodi, City of	88,833,769	1,264,527	1.42
33	Placentia, City of	31,268,285	472,202	1.51
34	Tustin, City of	63,244,390	957,868	1.51
35	Colton, city of	73,422,803	1,127,811	1.54
36	Anaheim, City of	560,294,296	8,649,421	1.54
37	Vacaville, City of	138,375,495	2,193,413	1.59
38	San Bruno, City of	62,344,091	995,157	1.60
39	Moreno Valley, City of	66,344,827	1,067,701	1.61
40	Fontana, city of	114,644,445	1,868,230	1.63

41	Santa Barbara, City of	220,816,499	3,600,396	1.63
42	Carmel, City of	14,681,434	246,415	1.68
43	Newark, City of	72,553,463	1,224,001	1.69
44	Petaluma, City of	77,408,040	1,328,147	1.72
45	Laguna Beach, City of	61,131,926	1,079,043	1.77
46	Santa Rosa, City of	267,040,128	4,782,957	1.79
47	Corona, City of	199,001,718	3,621,478	1.82
48	Chino, City of	85,799,186	1,565,819	1.82
49	Cupertino, City of	35,193,493	656,217	1.86
50	Long Beach, City of	897,874,182	16,916,022	1.88
51	Huntington Beach, City of	276,995,629	5,256,743	1.90
52	Sunnyvale, City of	243,826,117	4,630,714	1.90
53	Rialto, City of	95,690,686	1,838,513	1.92
54	Oceanside, City of	187,295,577	3,603,053	1.92
55	Burbank, City of	314,825,105	6,085,967	1.93
56	Pacific Grove, City of	29,628,514	575,114	1.94
57	San Buenaventura, City of	143,785,975	2,843,786	1.98
58	Carlsbad, City of	140,805,611	2,795,126	1.99
59	Riverside, City of	411,048,473	8,174,176	1.99
60	Fullerton, City of	137,228,074	2,770,498	2.02
61	Daly City, City of	145,205,279	2,967,098	2.04
62	Fountain Valley, City of	58,183,814	1,202,721	2.07
63	San Leandro, City of	90,096,196	1,882,942	2.09
64	Hawthorne, City of	85,635,195	1,801,645	2.10
65	Escondido, City of	163,327,893	3,470,544	2.12
66	Imperial Beach, City of	15,804,546	341,164	2.16
67	Los Altos, City of	25,864,817	561,862	2.17
68	Redding, City of	163,899,297	3,568,978	2.18
69	South Gate, City of	64,740,687	1,413,402	2.18
70	Compton, City of	57,431,694	1,254,233	2.18
71	Alameda, City of	181,891,491	3,981,166	2.19
72	Palo Alto, City of	259,247,161	5,757,753	2.22
73	Newport Beach, City of	212,482,157	4,787,206	2.25
74	Monterey, City of	88,985,354	2,006,015	2.25
75	Irvine, City of	173,181,587	3,975,390	2.30
76	West Covina, City of	98,244,436	2,263,321	2.30
77	Suisun, City of	15,673,946	363,274	2.32
78	San Mateo, City of	157,055,233	3,658,430	2.33
79	Chula Vista, City of	269,733,707	6,339,675	2.35
80	Sacramento, City of	807,204,896	18,982,866	2.35
81	Pomona, City of	150,046,944	3,571,053	2.38
82	San Rafael, City of	98,559,246	2,358,734	2.39
83	Merced, City of	87,404,509	2,093,501	2.40
84	Oxnard, City of	249,282,271	6,266,340	2.51
85	Glendale, City of	399,022,765	10,042,814	2.52
86	Berkeley, City of	326,893,985	8,257,301	2.53
87	Turlock, City of	57,986,952	1,469,852	2.53
88	Bakersfield, City of	241,868,346	6,180,583	2.56
89	Gilroy, City of	71,584,539	1,836,320	2.57
90	Coronado, City of	48,839,422	1,253,300	2.57
91	Montclair, City of	44,157,292	1,135,672	2.57

92	Beverly Hills, City of	194,939,839	5,103,867	2.62
93	Chico, City of	86,241,641	2,260,851	2.62
94	Santa Ana, City of	417,556,367	11,085,423	2.65
95	El Centro, City of	53,509,992	1,433,830	2.68
96	Del Mar, City of	12,956,982	351,706	2.71
97	Hayward, City of	212,530,722	5,846,488	2.75
98	Torrance, City of	340,223,343	9,399,230	2.76
99	Fairfield, City of	136,328,971	3,788,709	2.78
100	Santa Cruz, City of	124,433,501	3,490,050	2.80
101	Vista, City of	59,920,566	1,706,796	2.85
102	Fremont, City of	259,809,101	7,411,038	2.85
103	Walnut Creek, City of	85,280,851	2,461,361	2.89
104	La Mesa, City of	46,210,235	1,338,382	2.90
105	National City, City of	61,779,050	1,828,673	2.96
106	Pasadena, City of	434,255,076	12,897,146	2.97
107	City of Santa Maria	91,909,607	2,747,761	2.99
108	Brea, City of	87,865,234	2,644,628	3.01
109	Salinas, City of	121,904,992	3,723,133	3.05
110	Garden Grove, City of	146,651,348	4,502,599	3.07
111	Santa Monica, City of	426,046,479	13,259,170	3.11
112	Lompoc, City of	57,720,545	1,807,238	3.13
113	Milpitas, City of	133,131,372	4,254,574	3.20
114	Fresno, City of	627,860,003	20,598,800	3.28
115	Milbrae, City of	27,966,225	930,464	3.33
116	Modesto, City of	235,337,519	7,850,534	3.34
117	Cypress, City of	35,566,119	1,192,636	3.35
118	Simi Valley, City of	123,867,785	4,171,045	3.37
119	San Marino, City of	18,983,210	641,357	3.38
120	Redlands, City of	107,871,272	3,780,747	3.50
121	Clovis, City of	102,015,643	3,680,966	3.61
122	Ontario, City of	190,320,384	7,057,631	3.71
123	Burlingame, City of	71,117,052	2,695,095	3.79
124	Santa Clara, City of	291,971,171	11,086,985	3.80
125	Oakland, City of	903,748,907	36,851,024	4.08
126	Concord, City of	117,032,141	4,796,153	4.10
127	Stockton, City of	348,644,502	14,528,918	4.17
128	Richmond, City of	180,657,171	7,628,080	4.22
129	San Bernardino, City of	265,744,340	12,180,228	4.58
130	San Jose, City of	1,386,775,813	65,146,068	4.70
131	Vallejo, City of	173,992,224	8,346,642	4.80
132	Montebello, City of	89,645,467	4,396,058	4.90
133	San Gabriel, City of	40,266,728	2,131,325	5.29
134	Palm Springs, City of	83,205,719	6,124,249	7.36

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B. EFFECTIVENESS OF PROGRAM

We feel that the effectiveness of the **workers'** compensation claims administration program, as now handled by Bragg, is excellent.

**As** is customary at Bragg, the files are very well organized into various sections, including correspondence, medical reports, rehabilitation, excess reports, as well as payments. There are standard Monthly Status Reports in **all** of the files, which are provided to the clients on a regular basis.

Service Level	Alpha Grade	Percentage
Excellent	<b>A</b>	<b>90 - 100%</b>
Very Good	B	80 - 89%
Good	C	70- 79%
Fair	D	60- 69%
Poor (Unacceptable)	F	Less than 60%

Factors	Maximum Score	<b>Bragg Score</b>
1. Quality of claims staff, particularly the Claims Examiner & Supervisor	<b>25%</b>	22%
2. Excess claims recognition & reporting	<b>10%</b>	<b>8%</b>
3. Cost containment; both medical & legal	10%	<b>10%</b>
4. Reserving	10%	<b>8%</b>
5. Subrogation	<b>10%</b>	<b>10%</b>
6. Employee, employer & physician contact	<b>10%</b>	<b>10%</b>
7. File organization	<b>5%</b>	<b>5%</b>
8. Investigations	<b>5%</b>	<b>5%</b>
9. Rehabilitation recognition & cost control	<b>5%</b>	<b>5%</b>
10. File posting & claim communication	<b>5%</b>	<b>5%</b>
11. Computer data availability and accuracy	<b>5%</b>	<b>5%</b>
<b>TOTAL</b>	<b>100%</b>	<b>92%</b>

RESOLUTION NO. 2008-244

A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING THE CITY MANAGER TO EXTEND AN  
AGREEMENT FOR WORKERS COMPENSATION  
ADMINISTRATION WITH GREGORY B. BRAGG  
AND ASSOCIATES

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize and direct the City Manager to extend an Agreement for Workers Compensation claims adjusting and administration services with Gregory B. Bragg & Associates, Inc. beginning December 1, 2008, in an amount not to exceed as follows:

\$106,500 (year one)  
\$111,300 (year two)  
\$116,500 (year three)

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute the contract on behalf of the City of Lodi.

Dated: December 17, 2008

=====

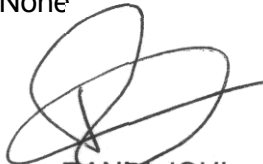
I hereby certify that Resolution No. 2008-244 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 17, 2008, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Johnson, Katzakian, Mounce,  
and Mayor Hansen

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk